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E-BULLETIN

Financial inclusion: Contributing to rebuilding victims' lives



Children (victims of conflict from Arauca) dance like palm trees (without moving their feet) to understand that despite the turns that life takes, it is important to be on solid ground with deep roots. December 2012.

The Government of Colombia seeks to provide monetary reparations to over 1 million victims over the next 10 years in the amount of US \$3.6B (US \$3,200 on average per victim).¹ In order to ensure victims effectively enjoy their rights, they need access to adequate financial services that allow them generate sustainable livelihoods. Therefore, the **USAID Public Policy Program** is working with the Victims' Unit and the financial sector to design and implement financial education programs. These programs aim to increase financial inclusion and promote savings of reparations funds and later, expenditure in areas that contribute to the reconstruction of victims' lives, such as housing, education, rural property and other productive activities.

In August, 1,300 victims in Mampuján (Bolívar) received US \$10M in reparations. Victims received an average of US \$12,000 but some received up to US \$400,000. In order to encourage appropriate investment of these resources, the Program worked with the Victim's Unit and four financial entities (*Davivienda*, *Bancamia*, *Banco Agrario*, and *Fondo Nacional del Ahorro*) to hold financial education sessions followed by financial fairs where victims were offered a range of financial products. **As a result, victims placed US \$7.5M in savings accounts, US \$2.5M in term deposits (CDs), and US \$2,800 in life insurance products.**

The Program is also working with the Victims' Unit to address the needs of approximately 50,000 minors that will receive compensation in the range of US \$161M. The Unit is responsible for depositing minors' reparations in trust funds that will become available to the victims once they have reached 18 years of age. On December 5-6, the Program helped carry out a pilot program with minors in Arauca.

Eleven minors (victims of paramilitary activity between 2001 and 2005) attended a workshop in which they used artistic techniques, such as dance and drawing, to express violence they witnessed, analyze the effect it has had on their lives, "burn" negative experiences in a symbolic fire, and envision their life plan, goals for the next 10 years and the steps necessary to reach them. Participants also discussed the role monetary reparations can have in fulfilling their ambitions when funds are properly invested and used in a responsible manner.

Financial education and inclusion pilots, such as those carried out in Bolívar and Arauca, are crucial to ensure victims will have the knowledge and tools necessary to adequately invest their resources.

¹ Estimates based on Victims' Unit 2012 budget execution and 2013 projections.